

## CHAPTER 6

# INVENTORY

Inventory in ship's store afloat is the process of bringing stock records into agreement with stock on hand, determining current money value balances, and reestablishing accountability. As a Ship's Serviceman second class, you can expect to become more involved in the inventory process. In this chapter we discuss the various steps of this process, including preparing for inventory, accomplishing the actual inventory, accounting for the inventory, and reconciling the results of the inventory.

### PHYSICAL INVENTORY

Physical inventory is the process of identifying, counting, and evaluating all stock on hand at a specific time. The purposes of physical inventory are the following:

- To determine the dollar value of the stock on hand so that required financial reports can be prepared
- To check on the accuracy of stock records and stock on hand
- To determine the dollar value of stock shortage due to spoilage, damage, waste, pilferage, or other losses not shown on the stock records
- To identify stock shortages and overages and to determine financial liability
- To use as a management tool for effective stock control

In this section, we discuss the procedures for inventory in combined or separate responsibility. Inventory includes all ship's store and standard Navy clothing stock. Cost of operation items on hand in activities other than the bulk storeroom are not inventoried because they have already been

expended from the records. This category also includes consumable supplies in the laundry, barbershop, and so forth.

### INVENTORY PERIODS

Inventory is taken at the times listed in the following paragraphs.

At the end of each accounting period or sometime during the last week of business, an itemized inventory of all ship's store and standard Navy clothing stock is taken.

When the ship's store officer is relieved, an itemized inventory of all ship's store and standard Navy clothing stock is taken.

When the bulk storeroom custodian is relieved in separated responsibility and when the sales outlet operator is relieved in combined responsibility, an itemized inventory of all ship's store and standard Navy clothing stock in the bulk storeroom is taken.

When the ship's store receives a change to the *Navy Clothing Price List for Men and Women*, NAVRESSO Pub 90, for those clothing items affected by the standard price change, an itemized inventory of standard Navy clothing stock is taken.

When the sales outlet operator is relieved on ships operating under separate responsibility, a price line inventory or itemized inventory of all stock in a sales outlet is taken.

**NOTE:** Price line inventories are discussed later in this chapter.

In a self-service retail store or a sales outlet operated by more than one person, a price line inventory or itemized inventory of all ship's store and standard Navy clothing stock is taken monthly.

When there is evidence of unauthorized entry into the sales outlet, a price line inventory or itemized inventory is taken.

When directed by the Navy Resale and Services Support Office (NAVRESSO) and with the type commander's approval, an itemized inventory is taken monthly for ships with excessive inventory differences.

An inventory is taken at any time when directed by the type commander (TYCOM), commanding officer (CO), supply officer, or ship's store officer.

## **PREPARING FOR INVENTORY**

The ship's store officer must make sure the inventory personnel are assigned and are familiar with local inventory procedures, layout sketches are prepared for spaces being inventoried, stock is arranged, and entries on the ship's store records are up to date.

### **Assigning Personnel**

The ship's store officer is responsible for a complete and accurate inventory. A two-count system is used with two inventory teams counting all material. Normally there are two persons to an inventory team, a counter and a recorder. But if sufficient personnel are not available, inventory teams may be made up of one person. The office recordskeeper will never serve on an inventory team. Teams are made up as follows:

- First count team—Either the ship's store officer or other commissioned officer and one enlisted person

- Second count team—An enlisted person in a supply rating E-6 and above and one other enlisted person

Monthly price line or itemized inventories of self-service stores or sales outlets operated by more than one person can be conducted by a qualified senior enlisted person in the supply rating E-6 or above with the TYCOM's approval.

On large ships with several sales outlets and bulk storerooms, inventory may be taken by multiple inventory teams with the TYCOM's approval. The number of inventory teams is determined by the ship's store officer. The two-count system is used with multiple inventory teams, and each sales outlet or bulk storeroom is counted by two teams. The ship's store officer supervises the teams, which are made up of one enlisted person in the supply rating E-6 or above and one other enlisted person.

## **Local Instructions**

Since each ship's store differs in size, volume, layout, and so forth, it is necessary to prepare specific instructions covering inventory procedures for each ship based on the instructions contained in the *Ship's Store Afloat*, NAVSUP P-487. Once prepared, these instructions are distributed to all personnel before the inventory. The instructions cover such subjects as assignment of personnel, cutoff times, stock arrangements, counting, recording, and extending. The ship's store officer is required to schedule training periods when needed, to make sure inventory procedures are understood by all personnel.

### **Layout Sketch**

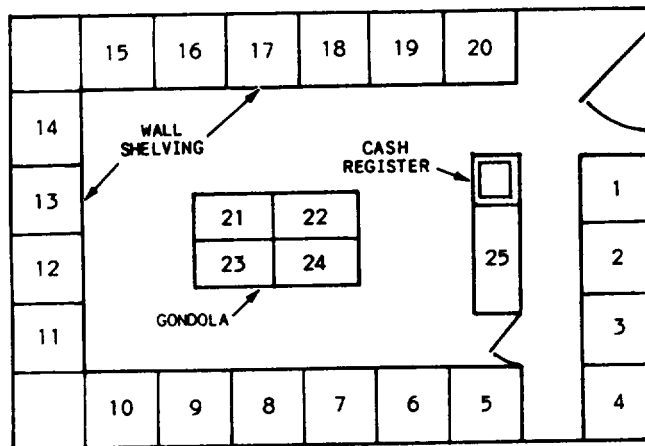
The purpose of a layout sketch is to make sure an accurate but speedy inventory is done. Layout sketches of the sales outlets and bulk storerooms are prepared by the ship's store officer in advance of the inventory. The layout sketches include each bin, shelf, and showcase, identified by a number as shown in figure 6-1. If the space is large, it may be broken down into sections and a layout sketch prepared for each section. A number identical to the one entered on the layout sketch is attached to the corresponding fixture located in the space.

### **Arranging Stock**

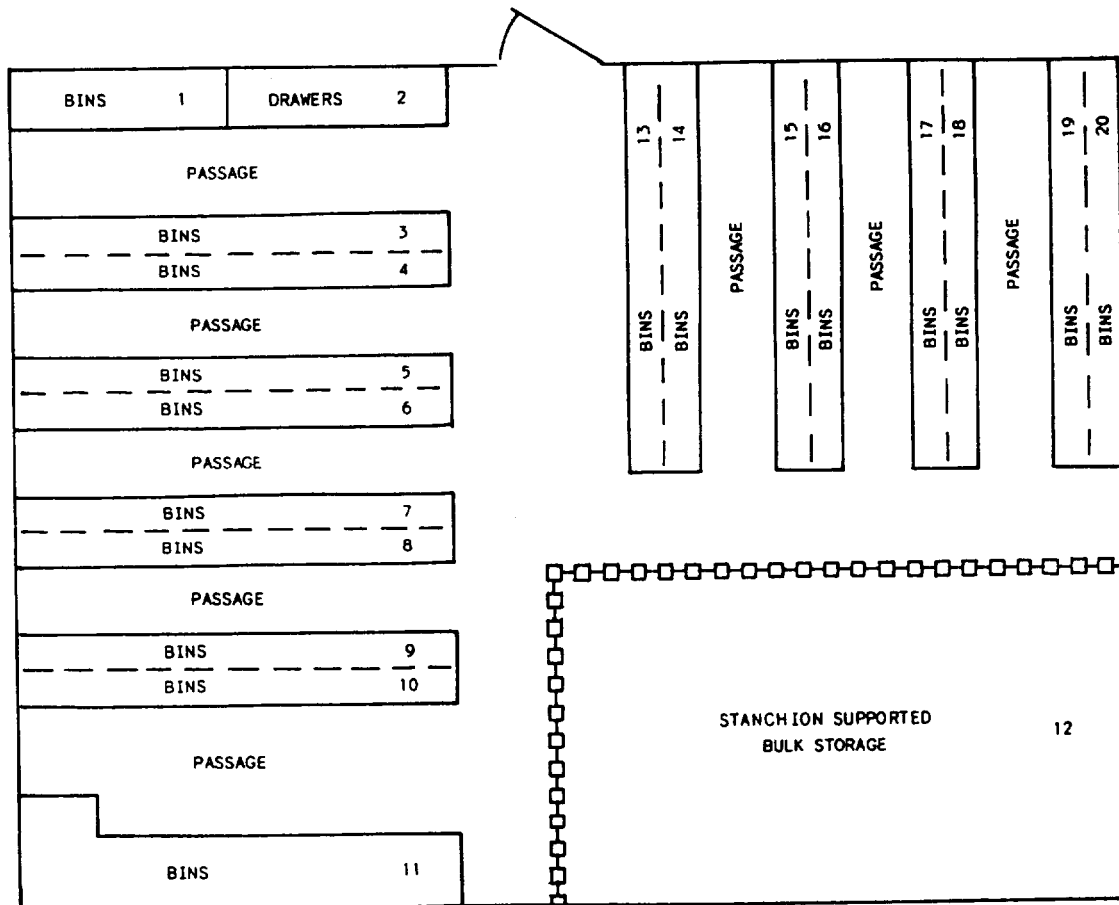
To make counting faster and easier, all merchandise in the sales outlet or bulk storeroom is sorted and consolidated by identical merchandise and price line. Empty cartons, except those used for packaging of merchandise on display, must be removed from the sales outlet or bulk storeroom so they won't be included in the inventory. The contents of cases, boxes, and containers from which items have been removed must be counted. The markings on the outside of a previously opened case are not used as your count under any circumstances.

### **Entries on Records**

Before the inventory, the office recordskeeper must post all receipt, expenditure, and intrastore transfer documents to the ship's store records. This includes the Stock Record, NAVSUP Form 464; the Journal of Receipts, NAVSUP Form 977; the Journal of Expenditures, NAVSUP Form 978; and the Ship's Store Afloat Financial Control Record, NAVSUP Form 235, when it applies.



RETAIL STORE



BULK STOREROOM

Figure 6-1.—Layout sketch for the retail store and bulk storeroom.

Any stock that is slow-moving, damaged, or obsolete must be properly marked down to the new cost price and the price changed before the inventory cutoff date.

## INVENTORY PROCEDURES

The ship's store officer, as we mentioned earlier, is responsible for the inventory. In manual recordskeeping, the Inventory Count Sheet, NAVSUP Form 238, is used to record inventories. Each set of count sheets consists of four copies that are color-coded in white, yellow, pink, and blue. Count sheets are serialized by the ship's store officer using a locally prepared number control log for inventory count sheets. The number control log also includes columns for the serial number, first count team, second count team, and count sheet returned to the ship's store officer.

The same serial number is used for the entire set of four sheets. The serial numbers must be accounted for whether used or voided. After all count sheets are serialized, the ship's store officer will provide sufficient sets to each sales outlet operator and bulk storeroom custodian. A separate set of inventory count sheets is used for each space inventoried.

Before inventory, the custodian of the space being inventoried must prelist the required information on the Inventory Count Sheet, NAVSUP Form 238. The actual stock to be inventoried is recorded on the inventory count sheet following the inventory pattern. The inventory pattern is determined before the actual inventory count. Normally the inventory pattern of a space begins on the left and works to the right of each section of the space and the responsible custodian follows this pattern when prelisting information. The responsible custodian is required to prelist the following information on the NAVSUP Form 238:

<u>Data Caption</u>	<u>Instructions for Entry</u>
Prelisted by responsible custodian	Enter the name and rate of the sales outlet operator or bulk storeroom custodian.
Fixture number	Enter the fixture number as assigned to each bin, shelf, showcase, and so forth, if it applies.
Item description	Enter a short description and the stock number of the actual stock in the space to be inventoried.
Unit	Enter the unit of issue of each item to be inventoried.

The responsible custodian is required to leave the last four lines of the NAVSUP Form 238 blank while prelisting. This is done so that items that were missed or omitted can be added during the inventory. Retail and cost prices of the items are not included in the prelisting.

Once the prelisting is complete, the responsible custodian forwards the NAVSUP Form 238 to the ship's store officer. The ship's store officer reviews the NAVSUP Form 238 and makes sure all merchandise on all fixtures has been prelisted by comparing the NAVSUP Form 238 to the layout sketch.

## **ROM INVENTORY PROCEDURES**

In automated procedures, ROM users will establish and/or update the ROM inventory prelisting before inventory. The ROM inventory prelisting can be created, modified, or deleted via the ROM inventory function. The ROM inventory prelisting will identify ship's store stock numbers and nomenclature in the order in which the stock is to be counted. Sales outlet operators and bulk storeroom custodians will generate and update the inventory prelisting by identifying ship's store stock numbers in the same sequence in which the items are displayed or stowed. The prelisting will be according to the layout sketch and the ship's store inventory plan. Each page of the ROM inventory prelisting will be assigned a serial number using the locally prepared number control log previously mentioned under inventory procedures.

## **TWO-COUNT SYSTEM**

As mentioned earlier, a two-count system is used to inventory stock in ship's store afloat. In manual recordskeeping, after verifying and reviewing the NAVSUP Form 238, the ship's store officer separates the white original and yellow copy from the pink and blue copies. The first count team uses the white original and yellow copy, while the second count team uses the pink and blue copies.

In ROM procedures, after completing the inventory prelisting, ROM users print the inventory worksheets. The original and first copy of the inventory worksheets are separated and used to record the first count. The second and third copies of the inventory worksheets are used to record the second count.

Under separate responsibility, the bulk storeroom must be inventoried first so the Stock Record, NAVSUP Form 464, can be verified. During inventory, one person on each inventory team counts while the other person records the count. The recorder must enter counts in ink and all corrections and changes must be made in ink and initialed by the persons conducting the inventory and the responsible custodian. The inventory must be done by both teams following the inventory pattern of the space. After completing the inventory of the space, all NAVSUP Forms 238 are signed by the persons taking the inventory and the responsible custodian.

### **Reconciliation of First and Second Counts**

The ship's store officer or designated assistant compares the NAVSUP Form 238 from the first

and second counts. If a difference is discovered, a third count of the items that differ is made by the ship's store officer. When the correct amount has been determined, the necessary changes are made to all copies of the inventory, so that they will agree. A correction is made by drawing a line through the error and writing the correct number. The ship's store officer and the responsible custodian must initial all corrections.

## **Security During Inventory**

During the inventory, but not when the actual counting is in progress, the ship's store officer must replace the lock and attach a numbered car seal in the presence of the responsible custodian. The car seal number is then recorded on the top of the first inventory worksheet or NAVSUP Form 238 for that space, and recorded in the car seal number log. When the actual counting is in progress, each sales outlet operator and bulk storeroom custodian must be present in his or her space. No stock is to be moved from the space while the inventory is in progress. Breakouts, issues, sales, and transfers of stock can only be made if an emergency exists. When emergency transactions occur, the inventory must be adjusted.

## **AFTER INVENTORY**

Once the inventory counting is complete and all differences resolved, there are still many things that must be done. The Stock Record, NAVSUP Form 464, must be posted and verified. The total dollar value of any outstanding material returned to the vendor for credit memorandum or cash refund must be included on the last page of the bulk storeroom inventory count sheets. The inventory is then distributed and extended, and the summary sheets are prepared. We discuss these duties in the following sections.

### **VERIFICATION OF BULK STOREROOM COUNTS IN MANUAL RECORDSKEEPING**

In separate responsibility, the physical counts of the bulk storeroom inventory must be compared with the balance on the Stock Record, NAVSUP Form 464, to make sure they are the same quantity. In combined responsibility when the sales outlet and bulk storeroom are operated by the same person, only the cost of operation items are verified with the bulk storeroom balance. The technique of verifying totals in the

bulk storeroom is illustrated in figure 6-2. The ship's store officer is responsible for this verification. If desired, the ship's store officer may designate another qualified person and the recordskeeper to verify the balances. The bulk storeroom custodian cannot assist the recordskeeper in verifying the balances. Differences found between the inventory total and the balance on the NAVSUP Form 464 must be examined. If errors are found in the inventory, the NAVSUP Form 238 must be changed and initialed by all personnel who participated in the inventory. If the error is not in the inventory, all receipt and expenditure documents posted to the NAVSUP Form 464 must be checked for accuracy by the office recordskeeper. In some instances, the difference may be a posting error. Differences that cannot be resolved must be included on the discrepancy list, which we discuss later in this chapter.

#### **VERIFICATION OF BULK STOREROOM COUNTS IN ROM PROCEDURES**

After inventory, the physical counts of inventory are entered in the ROM system via the ROM inventory function. Only those personnel designated by the ship's store officer enter inventory counts into the ROM system. Once the inventory counts have been entered, the smooth inventory listing is printed. The ship's store officer, or another person designated by the ship's store officer, verifies that the actual inventory counts match the quantities on the smooth inventory listing. The ROM system matches the inventory quantities entered to the bulk storeroom balances on the NAVSUP Form 464. The inventory difference listing is then printed and examined. If errors are found in the inventory, they are corrected on the inventory worksheet and initialed by all personnel participating in the inventory. All corrections are entered in the ROM inventory function, and the corresponding inventory count sheet is reprinted. The original inventory will indicate what corrective action was taken for discrepancies.

#### **CREDIT INVOICES**

At the end of the accounting period, the following will be carried as part of the inventory: 1) the dollar value of credit memorandums that have not been posted to the Journal of Receipts, NAVSUP Form 977, and transmitted to FAADC; and 2) the dollar value of a cash refund for which a refund check has not been received.

The expenditure number of the Requisition and Invoice/Shipping Document, DD Form 1149,

and the date and value of material returned must be listed on the last page of the inventory for the bulk storeroom. In ROM procedures, the ROM system automatically posts credit memorandums or cash refunds from the miscellaneous expenditure file that have not been liquidated.

#### **DISTRIBUTION OF THE INVENTORY COUNT SHEETS IN MANUAL RECORDS**

In manual records, after the inventory, the inventory count sheets are distributed as listed in the following paragraphs.

The white copy goes to the ship's store officer for extensions. This copy will ultimately be filed in the Accountability File, SSA-21, until the end of the next accounting period and then filed in the retained returns.

The yellow copy goes to the recordskeeper for extensions and used as a working copy. Later it is filed in the retained returns.

The pink copy goes to the responsible custodian.

The blue copy is used as a price list (optional).

When inventory is taken for the purpose of relieving the ship's store officer, one copy of the inventory is also given to the detaching ship's store officer.

#### **DISTRIBUTION OF THE INVENTORY COUNT SHEETS IN ROM PROCEDURES**

In ROM procedures, after inventory, the rough inventory count sheets and smooth inventory listing are distributed according to the following paragraphs:

- The original of the rough inventory count sheet and smooth inventory listing are filed in the Accountability File, SSA-21.

- The first copy of the rough inventory count sheet and the smooth inventory listing are used by the ship's store recordskeeper as a working copy and later filed in the retained returns.

- The third copy of the rough inventory count sheet and smooth inventory listing are given to the responsible custodian.

- The fourth copy of the rough inventory count sheet may be discarded and the smooth inventory listing may be used as a price list.

#### **INVENTORY EXTENSIONS IN MANUAL RECORDSKEEPING**

In manual recordskeeping, the retail and cost prices are entered on the NAVSUP Form 238 and

PRELISTED BY <b>SH3 R Mier</b>		RESPONSIBLE CUSTODIAN <b>SH3 R Mier</b>		<b>SHIP'S STORE INVENTORY COUNT SHEET</b> <small>NAVSUP FORM 238 (REV. 4-78)</small>				SERIAL NO. <b>87002</b>	
FIRST COUNT RECORDED BY <b>AS Spade</b>		COUNTED BY <b>RB Richardson</b>		DATE OF COUNT <b>29 JAN --</b>				BULK STOREROOM NO. <b>1</b>	
SECOND COUNT RECORDED BY <b>ND Mayan</b>		COUNTED BY <b>VE Smith</b>		STORE NO.				ICE CREAM BAR (FOUNTAIN) NO.	
EXTENDED BY <b>ES Cpt Mader</b>		EXTENSIONS CHECKED BY <b>BS Washington</b>		INSTRUCTIONS: • USE WHITE (ORIGINAL) AND YELLOW COPIES FOR FIRST COUNT. • USE PINK AND BLUE COPIES FOR SECOND COUNT. • USE SEPARATE SERIES OF COUNT SHEETS FOR EACH SPACE INVENTORIED.				VENDING MACHINE NO.	
				PAGE <b>1</b> OF <b>9</b>				SEAL NUMBER USED TO SECURE SPACE	

FIX NO.	ITEM DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY	TOTAL INVENTORY AT RETAIL	COST PRICE	TOTAL INVENTORY AT COST
1	CRACKERS, RITZ	EA		10		1.03	
1	CRACKERS, WHEAT THIN	EA		15		.95	
1	CRACKERS, SOCIABLES	EA		10		.95	
1	CRACKERS, CHEEZ-ITS	EA		5		.89	
2	CANDY, BABY RUTH	EA		72			
2	CANDY, BUTTERFINGER	EA		60			
2	CANDY, ROLOS	EA		36		.21	

POST TO NAVSUP FORM 464.

DATE		VOUCHER NO.	REC. FROM EXPEND. TO	RECEIVED	EXPENDED	BALANCE IN BULKROOM OR WAREHOUSE	TOTAL BALANCE	DATE		VOUCHER NO.	REC. FROM EXPEND. TO	RECEIVED	EXPENDED	BALANCE IN BULKROOM OR WAREHOUSE	TOTAL BALANCE
DD	MM							DD	MM						
10	1	INV	BF	BULK	144	144									
10	1	INV	BF	SS#1	35										
10	1	INV	BF	TOTAL	179	→	179								
10	4	BO#2	SS#1		36	108									
11	15	BO#37	SS#1		36	7									
1	12	BO#99	SS#1		36	36									
1	31	SALES			114										
2	1	INV	BF	BULK	36	36									
2	1	INV	BF	SS#1	29										
2	1	INV	BF	TOTAL	65	→	65								

SALES FIGURE FORCED AT THE END OF EACH ACCOUNTING PERIOD.

MUST ALWAYS AGREE. ANY DIFFERENCES MUST BE INVESTIGATED.

ACCOUNT	UNIT OF ISSUE	DEPARTMENT	LOW LIMIT	HIGH LIMIT	COST PRICE	SELLING PRICE
51000	EA	RETAIL	96	288	.21	.30
ARTICLE					STOCK NO.	CARD NO.
CANDY, ROLOS					050000-0153	

Figure 6-2.—Verifying bulk storeroom balances on the NAVSUP Form 464.

the inventory is extended as shown in figure 6-3. The ship's store officer or another qualified person assigned by the ship's store officer extends the white copy. The recordskeeper extends the inventory on the yellow copy. The responsible custodian or the recordskeeper is not allowed to extend the white copy of the NAVSUP Form 238. After extensions, the ship's store officer compares the page totals on the white and yellow copies and resolves any differences. A change is made by drawing a line through the error and writing the correct figure. The ship's store officer and the person extending the inventory must initial all corrections.

## INVENTORY EXTENSIONS IN ROM PROCEDURES

After inventory, the rough inventory count sheets are used to enter inventory counts into the ROM system via the ROM inventory function. After the inventory counts have been entered, ROM users print the smooth inventory listing. The ROM system includes prices and extensions on the smooth inventory listing.

## INVENTORY SUMMARY SHEETS/AFFIDAVIT IN MANUAL RECORDSKEEPING

In manual recordskeeping, after all the inventories have been recorded on the stock records, extended, and verified, all inventory count sheets must be sorted in serial number sequence for each space. A blank inventory count sheet is used as a summary sheet to consolidate all inventory count sheets for each individual space as shown in figure 6-4. The summary sheet is prepared on a blank NAVSUP Form 238 in the following manner:

<u>Data Caption</u>	<u>Instructions for Entry</u>
Serial number	This is the serial number assigned by the ship's store officer from the number control for inventory sheets.
Date of count	Enter summary sheet.
Bulk storeroom number store number	Enter the number of the bulk storeroom or sales outlet, whichever applies.
Item description	Enter the serial numbers of all NAVSUP Forms 238 used to inventory the space.
Total inventory at retail/total inventory at cost	Enter the total values from each NAVSUP Form 238 across from the corresponding serial number.

NOTE: After the last serial number, enter the total inventory at cost and retail for that space.

After these steps are completed, a separate inventory affidavit is entered on each summary sheet. The affidavit is entered as follows:

"I certify that this inventory summary sheet and inventory count sheets corresponding to serial numbers \_\_\_\_\_ through \_\_\_\_\_ representing inventory valued at \$\_\_\_\_\_ (cost) and \$\_\_\_\_\_ (retail) to the best of my knowledge and belief is an accurate and complete inventory of merchandise taken on \_\_\_\_\_.

\_\_\_\_\_  
Responsible Custodian

\_\_\_\_\_  
Ship's Store Officer

After the affidavit is completed, the recordskeeper uses the yellow copy of the inventory to close out and balance the Ship's Store Afloat Financial Control Record, NAVSUP Form 235. The procedure for closing out and balancing the NAVSUP Form 235 is discussed later in this chapter.



**SAMPLE COUNT SHEETS FOR RETAIL STORE #1**

PREPARED BY: W. H. Case ASSIGNED BY: W. H. Case  
 DATE OF COUNT: 29 JAN 19--  
 FIRST COUNT: 29711  
 RECEIVED BY: W. H. Case COUNTED BY: W. H. Case  
 SECOND COUNT: 29711  
 RECEIVED BY: W. H. Case COUNTED BY: W. H. Case  
 EXTENSION CHECKED BY: W. H. Case

**INVENTORY COUNT SHEET**  
 NAVSUP FORM 220 (7-57)

CUT HERE FOR USE AS PRICE LIST

POST TO NAVSUP FORM 464

ITEM NO.	ITEM DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY	TOTAL INVENTORY AT RETAIL	COST PRICE	TOTAL INVENTORY AT COST
1	WATCH, MENS, BUENA #819	EA	53.70	10	537.00	53.70	537.00
1	WATCH, MENS, BUENA #1211	EA	19.00	10	190.00	19.00	190.00
6	SOAP, DIAL	BE	11.36	76	863.36	11.36	863.36
6	SOAP, TETRA, YERING	BE	6.50	50	325.00	6.50	325.00
16	CIGARETTES, CAMEL, REG, T.F.	CT	1.80	15	27.00	1.80	27.00
16	CIGARETTES, KOOL, REG, T.F.	CT	1.80	30	54.00	1.80	54.00
PAGE TOTAL					10		974.30

**SAMPLE COUNT SHEETS FOR BULK STOREROOM**

PREPARED BY: W. H. Case ASSIGNED BY: W. H. Case  
 DATE OF COUNT: 29 JAN 19--  
 FIRST COUNT: 2499  
 RECEIVED BY: W. H. Case COUNTED BY: W. H. Case  
 SECOND COUNT: 2499  
 RECEIVED BY: W. H. Case COUNTED BY: W. H. Case  
 EXTENSION CHECKED BY: W. H. Case

**INVENTORY COUNT SHEET**  
 NAVSUP FORM 220 (7-57)

POST TO NAVSUP FORM 464

LIST MONEY VALUE ONLY OF STOCK THAT WAS RETURNED FOR CASH REFUND OR CREDIT MEMO AND HAS NOT BEEN LIQUIDATED.

ITEM NO.	ITEM DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY	TOTAL INVENTORY AT RETAIL	COST PRICE	TOTAL INVENTORY AT COST
1	CIGARETTES, CAMEL, REG, T.F.	CT	1.80	50	90.00	1.80	90.00
1	CIGARETTES, KOOL, REG, T.F.	CT	1.80	400	720.00	1.80	720.00
6	SOAP, DIAL	BE	11.36	144	1635.84	11.36	1635.84
6	SOAP, TETRA, YERING	BE	6.50	288	1872.00	6.50	1872.00
14	GARMENT BAGS	EA	6.90	6	41.40	6.90	41.40
14	DETERGENT, TYPE 1	DR	8.00	2	16.00	8.00	16.00
MONEY VALUE ONLY OF RETURN OF MERCHANDISE TO VENDOR FOR CREDIT MEMO							
KODAK INVOICE #76782 DATED 7/10							66.00
DD 1149 1/18 MEMO TO J. ROTHCHILD							42.80
PAGE TOTAL							3,060.30

DISTRIBUTION:  
 • WHITE COPY - SHIP'S STORE OFFICER  
 • PINK COPY - RESPONSIBLE CUSTOMER  
 • YELLOW COPY - OFFICE RECORDS KEPT  
 • BLUE COPY - FOR USE AS PRICE LIST

Figure 6-3.—Inventory extensions.

**RECAP OF ALL SUMMARY SHEETS MUST AGREE WITH THE TOTAL FROM THE SUMMARY SHEETS FOR EACH INDIVIDUAL SPACE.**

**RECAP OF PAGE TOTALS TAKEN FROM INVENTORY COUNT SHEETS.**

**POST TOTAL INVENTORY AT COST TO NAVSUP FORM 978 AS INVENTORY CARRIED FORWARD.**

SAMPLE SUMMARY SHEET FOR BULK STOREROOM							
SHIPS STORE INVENTORY COUNT SHEET							
DAVSEP FORM 235 (7-77)							
DATE 18 JAN 1978		PAGE 1 OF 1		29725 SUMMARY SHEET			
<p>RECAP OF ALL SUMMARY SHEETS MUST AGREE WITH THE TOTAL FROM THE SUMMARY SHEETS FOR EACH INDIVIDUAL SPACE.</p> <p>RECAP OF PAGE TOTALS TAKEN FROM INVENTORY COUNT SHEETS.</p>							
<p>POST TOTAL INVENTORY AT COST TO NAVSUP FORM 978 AS INVENTORY CARRIED FORWARD.</p>							
EXTENSION CHECKED	DESCRIPTION	UNIT	RETAIL PRICE	QUANTITY	TOTAL INVENTORY AT RETAIL	COST PRICE	TOTAL AT COST
	SERIAL NO. 29499						3240.30
	29500						1100.00
						109.80	19407.23
<p>I CERTIFY THAT THIS INVENTORY SUMMARY SHEET AND INVENTORY COUNT SHEETS CORRESPONDING TO SERIAL NUMBERS 29499 THROUGH 29513 REPRESENTING INVENTORY VALUED AT \$19,407.23 TO THE BEST OF MY KNOWLEDGE AND BELIEF IS AN ACCURATE AND COMPLETE INVENTORY OF MERCHANDISE TAKEN 28 JAN 1978.</p> <p><i>W J M...</i> BULK STOREROOM CLERK</p> <p><i>J N Leary</i> SHIPS STORE OFFICER</p>							

SAMPLE SUMMARY SHEET FOR RETAIL STORE #1							
SHIPS STORE INVENTORY COUNT SHEET							
DAVSEP FORM 235 (7-77)							
DATE 18 JAN 1978		PAGE 1 OF 1		29726 SUMMARY SHEET			
<p>I CERTIFY THAT THIS INVENTORY SUMMARY SHEET AND INVENTORY COUNT SHEETS CORRESPONDING TO SERIAL NUMBERS 29711 THROUGH 29722 REPRESENTING INVENTORY VALUED AT \$14,331.50 (COST) AND \$19,312.23 (RETAIL) TO THE BEST OF MY KNOWLEDGE AND BELIEF IS AN ACCURATE AND COMPLETE INVENTORY OF MERCHANDISE TAKEN 28 JAN 1978.</p> <p><i>W J M...</i> RETAIL STORE OPERATOR</p> <p><i>J N Leary</i> SHIPS STORE OFFICER</p>							
						1132.40	979.50
						16481.23	14331.50
<p>POST TO NAVSUP FORM 235 AS INVENTORY CARRIED FORWARD FOR RETAIL STORE #1.</p>							
<p>DISTRIBUTION: WHITE COPY - SHIPS STORE OFFICER, BLUE COPY - OFFICE RECORDS SECT, YELLOW COPY - OFFICE RECORDS SECT, PINK COPY - RESPONSIBLE SUPERVISOR, BLUE COPY - FOR USE AS PRICE LIST</p>							

Figure 6-4.—Summary sheets and inventory affidavits.

## **INVENTORY SUMMARY SHEETS/AFFIDAVIT IN ROM PROCEDURES**

After all inventory counts have been verified and entered in the ROM system data base, ROM users print the inventory count sheets and the inventory summary sheet. The ROM automatically enters the inventory affidavit on each inventory summary sheet.

## **OTHER TYPES OF INVENTORY**

Spot inventories and price line inventories are used by the ship's store officer during the accounting period to keep a close check on the financial accountability of self-service stores, retail stores operated by more than one person, and the bulk storeroom. It is important for you to know and understand when and how they are used.

## **SPOT INVENTORIES**

Spot inventories are not required on ships with combined responsibility, but they are taken on ships operating under separate responsibility. The purpose of the spot inventory is to check on the balance of selected stock in the bulk storeroom and compare it to the balance shown on the Stock Record, NAVSUP Form 464, and resolve any differences.

### **Procedures**

The ship's store officer must conduct spot inventories of ship's store stock at unannounced times during the course of a fiscal year. A minimum of 5 percent of the stock in the bulk storeroom should be inventoried per month. The results of these inventories are compared against the NAVSUP Form 464 for the purpose of maintaining inventory accuracy in the bulk storeroom at 100 percent. Spot inventories may be taken on a locally prepared form, but when possible, they should be taken after breakouts or issues. The bulk storeroom custodian must indicate the balance on hand on each Intra-Store Transfer Data, NAVSUP Form 973, after making the breakout or issue. This makes it easy for the recordskeeper because as he or she is posting the quantity broken out to the NAVSUP Form 464, the quantity balance left can be checked. Spot

inventories should also be taken when an item shows a negative on-hand stock balance after posting a breakout to the NAVSUP Form 464 and for each bulk storeroom issue refusal.

## **Accounting for Adjustments**

When quantity differences occur between spot inventories and the balance shown on the stock records, the NAVSUP Form 464 is adjusted accordingly. Gains or losses do not affect the Total Balance column of the NAVSUP Form 464, but the Balance in Bulkroom column is adjusted as follows:

**Gains**—when a gain occurs by spot inventory, it is posted to the Received column and the Balance in Bulkroom column is increased.

**Losses**—when a loss occurs by spot inventory, it is posted to the Expended column and the Balance in Bulkroom column is decreased.

Figure 6-5 illustrates both a loss and a gain by spot inventory. A list of all gains and losses by spot inventory both in quantity and retail value is prepared. The list indicates corrective action taken and is filed with the Ship's Store Afloat Financial Control Record, NAVSUP Form 235. When the sales outlet and bulk storeroom are operated by the same person, the Balance in Bulkroom column of the NAVSUP Form 464 is not used. A gain or loss by spot inventory is entered only to the Received and Expended columns, whichever applies. ROM users enter spot inventories in the ROM inventory function. ROM automatically adjusts stock records for all spot inventory adjustments entered.

## **PRICE LINE INVENTORY**

The purpose of a price line inventory is to establish the correct money value of stock on hand in a retail store or snack bar. Like the physical inventory, the ship's store officer is responsible and must review procedures for conducting price line inventories with personnel involved before the actual counting begins.

Price line inventories are conducted using the two-count system discussed previously with each inventory team using separate inventory sheets. Inventories are recorded in ink on a locally prepared price line inventory count sheet as shown

DATE		VOUCHER NO.	REC FROM EXPEND TO	RECEIVED	EXPENDED	BALANCE IN THIS COLUMN OR BALANCE	TOTAL BALANCE	DATE		VOUCHER NO.	REC FROM EXPEND TO	RECEIVED	EXPENDED	BALANCE IN THIS COLUMN OR BALANCE	TOTAL BALANCE
MO	DA							MO	DA						
9	-														
10	1	INV	B.F.	BULK	72										
10	1	INV	B.F.	SS#1	20										
10	1	INV	B.F.	TOTAL	92	→	92								
10	20	#11	SS#1		36	36									
11	21	SPOT INV	GAIN	4		40									

POST GAIN BY INVENTORY  
TO "RECEIVE" COLUMN

"TOTAL BALANCE" COLUMN  
WILL NOT BE AFFECTED

ACCOUNT	51000	UNIT OF MEAS	EA	REPORT FROM	RETAIL	LOW LIMIT	48	HIGH	72	UNIT PRICE	1.38	BALANCE PRICE	1.85	DATE	
OFFICE	COPPERTONE LIPKOTE										110000-1148				

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### GAIN

DATE		VOUCHER NO.	REC FROM EXPEND TO	RECEIVED	EXPENDED	BALANCE IN THIS COLUMN OR BALANCE	TOTAL BALANCE	DATE		VOUCHER NO.	REC FROM EXPEND TO	RECEIVED	EXPENDED	BALANCE IN THIS COLUMN OR BALANCE	TOTAL BALANCE
MO	DA							MO	DA						
10	1	INV	B.F.	BULK	144	144									
10	1	INV	B.F.	SS#1	24										
10	1	INV	B.F.	TOTAL	168	→	168								
10	15	#5	SS#1		12	132									
10	30	#12	SS#1		24	112									
11	17	#17	SS#1		12	100									
11	21	SPOT INV	LOSS	2		98									

POST LOSS BY INVENTORY  
TO "EXPENDED" COLUMN

"TOTAL BALANCE" COLUMN  
WILL NOT BE AFFECTED

ACCOUNT	51000	UNIT OF MEAS	EA	REPORT FROM	RETAIL	LOW LIMIT	48	HIGH	144	UNIT PRICE	1.30	BALANCE PRICE	1.55	DATE	
OFFICE	LISTERINE, BREATH SPRAY, REG. 1/2 OZ										110000-3142				

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### LOSS

Figure 6-5.—Gains and losses by spot inventory.



inventory affidavit is prepared in the following format:

"I certify that this inventory summary sheet and supporting inventory count sheets on pages \_\_\_\_\_ through \_\_\_\_\_ representing inventory valued at \$\_\_\_\_\_ to the best of my knowledge and belief is an accurate and complete inventory of merchandise taken on \_\_\_\_\_.

\_\_\_\_\_  
Responsible Custodian      Ship's Store Officer

The ROM system automatically computes all extensions and enters the inventory affidavit on the inventory summary sheets.

### **Distribution**

In manual recordskeeping, the price line inventory sheets are distributed as follows:

- Original to the Accountability File, SSA-21, and later filed in the retained returns
- Copy to the recordskeeper to be used as a working copy
- Copy to the responsible custodian

In ROM procedures, the price line inventory sheets are distributed as follows:

- Original of the prelisting and final inventory count sheets to the Accountability File, SSA-21
- Copy of the final inventory count sheet to the recordskeeper to use as a working copy
- Copy of the final inventory count sheet to the responsible custodian

### **Balancing the NAVSUP Form 235**

As we mentioned earlier, the price line inventory is used to establish the correct money value of stock on hand in a retail store or snack bar. Once the ship's store officer has the money value of stock on hand, he or she must balance the column corresponding to the sales outlet on the Ship's Store Afloat Financial Control Record, NAVSUP Form 235, to determine whether a shortage or an overage exists in the sales outlet.

If the Expenditure column is more than the Receipt column, this indicates there is an overage. For example, suppose the Receipt column adds up to \$21,200 and the Expenditure column adds up to \$21,300. This would indicate that there is an overage of \$100 because you expended for \$100 more than you received. On the other hand, if the Receipt column is more than the Expenditure column, this would indicate a shortage because you expended less than what you received. In ROM procedures, ROM users enter the price line inventory data in the ROM price line inventory function as mentioned earlier. The ROM automatically balances the NAVSUP Form 235.

Once the sales outlet has been satisfactorily balanced, it maybe reopened for normal operation. If a satisfactory balance is not obtained for the sales outlet, the outlet will remain closed until the inventory is verified and the commanding officer notified as outlined in the NAVSUP P-487.

### **CLOSEOUT OF THE STOCK RECORDS**

The Stock Record, NAVSUP Form 464, is closed out on the last day of the accounting period. The procedures for closing out the NAVSUP Form 464 for separate and combined responsibility are shown in figure 6-7.

Basically, closing out the stock records is nothing more than transferring figures from the Inventory Count Sheet, NAVSUP Form 238, to the stock record, verifying totals, and reconciling differences. On stock records, which include retail and standard Navy clothing items, you must also figure the sales during the accounting period. The first step is to enter the inventory brought forward for the bulk storeroom and the sales outlet. These two figures are added together to give you your total inventory brought forward, which is then written under the Total Balance column. Remember, in separate responsibility, you must verify the bulk storeroom quantity because the inventory brought forward for the bulk storeroom must equal the last entry reported in the Balance in Bulkroom column.

Look at the stock record in our illustration as an example for separate responsibility. Enter the bulk inventory of 144 and the sales outlet inventory of 76 on the stock record. Add these two figures ( $144 + 76 = 220$ ) for the total inventory brought forward. Then enter the quantity 220 in the Total Balance column. To compute the sales figure, take the 840 reported

DATE	VOUCHER NO.	REC FROM	RECEIVED	EXPENDED	BALANCE IN	TOTAL	DATE	VOUCHER NO.	REC FROM	RECEIVED	EXPENDED	BALANCE IN	TOTAL
MO	NO	EXPEND TO			STOCK ROOM	BALANCE	MO	NO	EXPEND TO			STOCK ROOM	BALANCE
10	1	INV	B.F. BULK	432	732								
10	1	INV	B.F. SS#1	120									
10	1	INV	B.F. TOTAL	552	→	552							
10	4	#1	SS#1	144	288								
10	5	#17	SS#1	144	144								
11	1	206	SS#1	288	432	840							
12	26	#31	SS#1	144									
1	31	SALES		620									
2	1	INV	B.F. BULK	144	144								
2	1	INV	B.F. SS#1	76									
2	1	INV	B.F. TOTAL	220	→	220							
ALSO IN					UNIT OF MEAS	DEPARTMENT	LAST UNIT						
51000					BR	RETAIL	155						
SHOAP, ZEST, 3.75 OZ.								110000-2082					
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SALES FIGURE FORCED AT THE END OF ACCOUNTING PERIOD.

MUST ALWAYS AGREE. ANY DIFFERENCES MUST BE INVESTIGATED.

POSTED FROM INVENTORY COUNT SHEETS PER INDIVIDUAL SPACE. (WHEN THE SAME ITEM IS LOCATED IN MORE THAN ONE SPACE, SEPARATE POSTINGS ARE REQUIRED AND MUST BE ADDED TOGETHER TO ARRIVE AT TOTAL BALANCE.)

(A) SEPARATE RESPONSIBILITY

DATE	VOUCHER NO.	REC FROM	RECEIVED	EXPENDED	BALANCE IN	TOTAL	DATE	VOUCHER NO.	REC FROM	RECEIVED	EXPENDED	BALANCE IN	TOTAL
MO	NO	EXPEND TO			STOCK ROOM	BALANCE	MO	NO	EXPEND TO			STOCK ROOM	BALANCE
10	1	INV	B.F. BULK	500									
10	1	INV	B.F. SS#1	50									
10	1	INV	B.F. TOTAL	550	→	550							
10	13	282	SS#1	490		1030							
10	24	241	SS#1	100		930							
11	26	96	SS#1	50		880							
12	23	97	SS#1	100		980							
1	31	SALES		570		410							
2	1	INV	B.F. BULK	350									
2	1	INV	B.F. SS#1	60									
2	1	INV	B.F. TOTAL	410	→	410							
ALSO IN					UNIT OF MEAS	DEPARTMENT	LAST UNIT						
51000					EA	RETAIL	144						
SHAMPOO, BRECK, NORMAL, 15 OZ. 12's								110000-3017					
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SALES FIGURE FORCED AT THE END OF ACCOUNTING PERIOD.

POSTED FROM INVENTORY COUNT SHEETS PER INDIVIDUAL SPACE. (WHEN THE SAME ITEM IS LOCATED IN MORE THAN ONE SPACE, SEPARATE POSTINGS ARE REQUIRED AND MUST BE ADDED TOGETHER TO ARRIVE AT TOTAL BALANCE.)

(B) COMBINED RESPONSIBILITY

Figure 6-7.—Closeout of the Stock Record, NAVSUP Form 464, retail item.

DATE	VOUCHER NO.	REC FROM	RECEIVED	EXPENDED	BALANCE IN	TOTAL	DATE	VOUCHER NO.	REC FROM	RECEIVED	EXPENDED	BALANCE IN	TOTAL
MM	DD	EXPEND TO			WAREHOUSE OR WAREHOUSE	BALANCE	MM	DD	EXPEND TO			WAREHOUSE OR WAREHOUSE	BALANCE
10	1	INV	B.F.			9							
10	4	#2	LDY	2		7							
10	4	#30	LDY	3		4							
1	3	7919	MISC	2		6							
1	26	#33	LDY	2		4							
2	1	INV	B.F.			4							

MUST ALWAYS AGREE. ANY DIFFERENCES MUST BE INVESTIGATED.

QUANTITY	51000	UNIT OF MEAS	DR	DISPATCH	COST	UNIT PRICE	#21.74	UNIT PRICE	12.74	BALANCE	
REMARKS	DETERGENT, LAUNDRY, TYPE 1, 25 LB DRUM						FORM NO.	9Q 7930-00-990-7391	ISSUED	1	

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(A) SEPARATE RESPONSIBILITY

DATE	VOUCHER NO.	REC FROM	RECEIVED	EXPENDED	BALANCE IN	TOTAL	DATE	VOUCHER NO.	REC FROM	RECEIVED	EXPENDED	BALANCE IN	TOTAL
MM	DD	EXPEND TO			WAREHOUSE OR WAREHOUSE	BALANCE	MM	DD	EXPEND TO			WAREHOUSE OR WAREHOUSE	BALANCE
10	1	INV	B.F.			6							
10	15	#4	LDY	2		4							
11	2	7912	MISC	2		6							
12	5	#15	LDY	4		2							
2	1	INV	B.F.			2							

MUST ALWAYS AGREE. ANY DIFFERENCES MUST BE INVESTIGATED.

QUANTITY	51000	UNIT OF MEAS	DR	DISPATCH	COST	UNIT PRICE	18.64	UNIT PRICE		BALANCE	
REMARKS	BLEACH, LAUNDRY, ORGANIC						FORM NO.	9Q 6850-00-063-2842	ISSUED	1	

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(B) COMBINED RESPONSIBILITY

Figure 6-8.—Closeout of the Stock Record, NAVSUP Form 464, cost item.



as the last entry in the Total Balance column, subtract 220, and the balance is 620 as the amount you sold. The ROM system automatically posts inventory data entered and closes out the NAVSUP Form 464 in end of period closeouts, a subfunction of the resale operations constants function.

## COST ITEM STOCK RECORD

The closeout of the Stock Record, NAVSUP Form 464, for cost items is shown for separate and combined responsibility in figure 6-8. The closeout for cost items is fairly simple because they are only inventoried in the bulk storeroom. This

inventory is entered on the stock record and the figure must agree with the last entry reported in the Balance in Bulkroom column for separate responsibility and the Total Balance column for combined responsibility. If these figures do not match, the differences must be investigated and resolved.

## REVIEWS

Once the office recordskeeper closes out the stock records, the ship's store officer is required to review them to make sure they are closed out properly. This review procedure is shown in figure 6-9. The ship's store officer adds the

DATE		VOUCHER NO.	REC. FROM EXPEND. TO	RECEIVED	EXPENDED	BALANCE IN BULKROOM OR WAREHOUSE	TOTAL BALANCE	DATE		VOUCHER NO.	REC. FROM EXPEND. TO	RECEIVED	EXPENDED	BALANCE IN BULKROOM OR WAREHOUSE	TOTAL BALANCE
MO.	DA.							MO.	DA.						
10	1	INV	B.F.	BULK	432	432									
10	1	INV	B.F.	SS #1	120										
10	1	INV	B.F.	TOTAL	552	→ 552			(A)						
10	4	#1	SS #1		144	288									
10	5	#17	SS #1		144	144			(B)						
11	1	<del>3261</del> 9730	S+K	288		432	840								
12	26	#31	SS #1		288	144									
1	31	SALES			620				(C)						
2	1	INV	B.F.	BULK	144	144									
2	1	INV	B.F.	SS #1	76										
2	1	INV	B.F.	TOTAL	220	→ 220			(D)						
ACCOUNT		UNIT OF ISSUE		DEPARTMENT		LOW LIMIT		COST PRICE		SELLING PRICE					
51000		BR		RETAIL				.37		.45					
ARTICLE		SOAP, ZEST 3.75oz								STOCK NO.		ORDERED		CARD NO.	
										110000-2082				1	

A. Inventory brought forward from the last accounting period.... 552

B. All entries in the Receipt column.....+288

840 ← MUST EQUAL

--MUST EQUAL--

C. The total entries in the Expenditure column including the sales figure... 620

D. The closing inventory for the accounting period.....+220

840 ←

Figure 6-9.—Review of the Stock Record, NAVSUP Form 464.

## DISCREPANCY LIST

a discrepancy, searching for posting errors such as documents that were not posted or quantities that were entered incorrectly, or by checking to make sure the math is correct on the stock record in manual procedures. If an inventory difference cannot be resolved after the inventory has been examined as required by the NAVSUP P-487, the ship's store officer includes the item on the list. The discrepancy list is locally prepared. See figure 6-10 for an example of a bulk storeroom discrepancy list. The ship's store officer indicates on the discrepancy list what corrective action was taken. If the operation of the bulk storeroom is considered satisfactory, it will be reopened. The ROM system automatically generates this discrepancy list for you after all inventory data are entered. The total dollar value at retail of the differences shown on the discrepancy list is included on the back of the ship's store Balance Sheet and Profit and Loss Statement, NAVCOMPT Form 153.

[illegible]

**Figure 6-10.—Bulk storeroom discrepancy list (sample).**

## **CLOSEOUT OF THE SHIP'S STORE AFLOAT FINANCIAL CONTROL RECORD**

Previously in this manual we discussed how to maintain the Ship's Store Afloat Financial Control Record, NAVSUP Form 235, located in the Financial Control Record File, SSA-1. You learned that the NAVSUP Form 235 is used as a management tool to accurately determine if a ship's store activity is operating within monetary limits. In this section we discuss the procedure for balancing and closing out the NAVSUP Form 235, which is designed to make sure each activity is within the prescribed monetary limits.

### **CLOSEOUT PROCEDURE**

The NAVSUP Form 235 is balanced and closed out at the end of the accounting period and at any other time directed by the commanding officer. Balancing and closing out the NAVSUP Form 235 is a very important job, and accuracy is of the utmost importance because accuracy determines whether a ship's store activity is short or over. It is especially important to the responsible custodian, since he or she is held responsible and can be punished under the *Uniform Code of Military Justice* (UCMJ) for any excessive differences.

In addition, the NAVSUP Form 235 must be balanced but not closed out when any of the following events occurs:

- An inventory is taken to determine the financial status of a sales outlet or bulk storeroom (for example, when you take monthly inventory in a self-service store and sales outlet operated by more than one person).
- The ship's store officer is relieved during the accounting period and returns are not submitted.
- The responsible custodian is relieved; the appropriate column on the NAVSUP Form 235 is balanced.

ROM users first enter inventory data for each retail outlet in the ROM inventory function. After this data is entered, the ROM balances the NAVSUP Form 235 and ROM users process the NAVSUP Form 235 in the ROM reports function.

In figures 6-11 and 6-12, the procedures for closing out the NAVSUP Form 235 manually are

shown for both separate and combined responsibility. It looks like a difficult task, but all it involves is transferring figures, adding columns, and figuring the percentage of differences. Follow along and study each figure as we discuss the entries made during the closeout of the NAVSUP Form 235.

### **Sales Entry**

Sales is the first entry made during closeout for each ship's store activity. After sales, enter the cash collected for each sales outlet during the accounting period in the Expenditure column. Obtain the cash sales figure from the Cash Register Record, NAVSUP Form 469, for each individual sales outlet. The ROM system automatically enters this information.

### **Inventory Carried Forward Entry**

Inventory carried forward is the second entry made during closeout of the NAVSUP Form 235. For all sales outlets except cup-type vending machines and snack bar manufactured items, enter the closing inventory at retail in the correct Expenditure column. For cup-type vending machines and snack bar manufactured items, enter the closing inventory at cost price in the correct Expenditure column. Obtain these closing inventory figures from the inventory summary sheet for each sales outlet. The ROM system automatically enters this information.

### **Subtotal Entry**

Subtotal is the third entry made during closeout of the NAVSUP Form 235. Add all the entries in the Receipt and Expenditure columns, including the sales figure and inventory carried forward for each activity, and enter the totals. The ROM system computes the subtotal automatically.

### **Difference Entry**

Enter the amount of difference in the Receipt and Expenditure columns necessary to make the two columns equal. An amount in the Receipt column indicates an overage, while an amount in the Expenditure column indicates a shortage. For cup-type vending machines, the amount reported on this line is the gross profit. The ROM automatically computes the difference.

[illegible]

**Figure 6-11.—Closeout of the NAVSUP Form 235 (separate responsibility).**

SHIP'S STORE AFLOAT FINANCIAL CONTROL RECORD (4067)

SHIP'S STORE AFLOAT FINANCIAL CONTROL RECORD (4067)

### Total Entry

Total is the final closeout entry. Add the subtotal and difference entries for each column and enter the totals in the Receipt and Expenditure columns. These figures must match. The ROM system computes the total automatically.

Once you complete the above transactions, you are ready to enter the summary entries at the bottom of the NAVSUP Form 235. The purpose of most of these summary entries is to show the differences and the percentage of overage or shortage.

### Retail Store Entry

For each retail store, enter the dollar amount of the overage or shortage reported on the difference line followed by the percentage of the overage or shortage. To compute the percentage of the shortage or overage, divide the amount on the difference line by the amount on the sales line. In the example in figure 6-11, the difference for retail store number 1 was \$116.20 divided by the sales of \$49,161.80. This equals a percentage of difference of .24 percent. The ROM automatically posts difference information.

### Standard Navy Clothing Store Entry

When you have a separate standard Navy clothing store, enter the amount of the overage or shortage reported on the difference line followed by the percentage of overage or shortage. The ROM system automatically posts difference information.

### Can Drink Vending Machines Entry

For the can drink vending machines, enter the dollar amount of the overage or shortage reported on the difference line followed by the percentage of the overage or shortage. The ROM system automatically posts difference information. Below the percentage of the overage or shortage, enter the cost of sales. The cost of sales is the amount shown on line R of ALL Vending Machine Controls, NAVSUP Form 236, for the accounting period. Look at figure 6-12 as we use the following formula to compute the gross profit:

Amount shown on the sales line. . . .	\$13,166.30
minus	
Amount reported on cost of sales	
line . . . . .	\$8,275.96
equals	
Gross profit . . . . .	\$4,890.34
$\$13,166.30 - \$8,275.96 = \$4,890.34$	

Once you figure the gross profit, compute the percentage of gross profit by dividing the amount of gross profit by the amount on the sales line. In our example, \$4,890.34 divided by \$13,166.30 equals a gross profit percentage of 37 percent. The ROM system automatically posts this information.

### Cup-Type Drink Vending Machines Entry

For cup-type vending machines (fig. 6-12), enter the cost of sales which equals the amount reported on the sales line (\$2,300) minus the amount reported on the difference line (\$1,337.20). The cost of sales in this case would be \$962.80. Below the cost of sales, enter the gross profit. The gross profit is the amount reported on the difference line of \$1,337.20. Then enter the percentage of gross profit by dividing the gross profit of \$1,337.20 by the amount on the sales line of \$2,300 to give you gross profit of 58 percent. The ROM system automatically computes this information.

### Other Than Drink Vending Machines Entry

For other than drink vending machines, enter the amount of overage or shortage reported on the difference line followed by the percentage of overage or shortage. This is computed automatically by the ROM system.

### Snack Bar Retail Items Entry

For snack bar retail items, enter the amount of overage or shortage reported on the difference line followed by the percentage of overage or shortage. The ROM system automatically computes difference information.

### Snack Bar Manufactured Items Entry

For snack bar manufactured items, enter the gross profit amount reported on the difference line followed by the percentage of gross profit. To compute the percentage of gross profit, divide the gross profit by the amount reported on the sales line.

### Cost of Operation Entry

For the cost of operation material, enter the value of all items issued from the Cost of Operation column except for issues to the drink

vending machines. For cost of operation vending machines, enter the total value of all items for the vending machines from the Cost of Operation column.

## GAINS OR LOSSES

Once you complete inventory and closeout, the NAVSUP Form 235 and the NAVSUP Form 464 gains or losses are identified. The amount of those gains or losses is a difference compared to the total sales for an individual outlet or the total sales for all outlets. The amount or percentage of difference determines what course of action the ship's store officer must take. Determine the percent of difference for the entire ship's store operation using the formula shown in figure 6-13. In the example, the total difference of all sales outlets including the bulk storeroom is \$246.44, the total net loss. The figures for the differences of each individual sales outlets are obtained from the Ship's Store Afloat Financial Control Record, NAVSUP Form 235, and the figures for the

differences of the bulk storeroom are obtained from the discrepancy list. The total net loss of \$246.44 is then divided by the total sales for all the sales outlets of \$86,877 for the net difference of .28 percent. Once you determine the net difference, then determine if it is within monetary limits. An excessive difference exists when the total inventory dollar value difference between the financial control records and the physical inventory exceeds \$750 or 1 percent of total sales, whichever is greater. If this is the case, then the ship's store operation is not within monetary limits and action must be taken.

## ACTIONS TAKEN FOR EXCESSIVE DIFFERENCES

When an excessive difference is discovered during records closeout, the supply officer must be notified and all ship's store accountable spaces are secured and numbered car seals placed on them until the difference can be resolved.

### COMPUTING GAINS OR LOSSES

<u>ACTIVITY</u>	<u>SALES</u>	<u>GAIN OR LOSS</u>	<u>REPORTED FROM</u>
Retail store	\$49,161.80	– \$116.20	NAVSUP Form 235
Snack Bar (Retail items)	\$8,623.15	+\$15.75	NAVSUP Form 235
Snack Bar (Manufactured Items)	\$2,060.20	0	NAVSUP Form 235
Standard Navy Clothing Store	\$13,865.55	– \$22.63	NAVSUP Form 235
Can Drink Vending Machines	\$13,166.30	– \$8.45	NAVSUP Form 235
Bulk Storeroom	<u>N / A</u>	<u>–\$114.91</u>	NAVSUP Form 464
Total	\$86,877.00	–\$246.44	

### COMPUTATION

The difference \$246.44  
divided by  
the total sales  
equals  
the net difference  
of .28%

The ship's store operation has a net loss of \$246.44 with a net difference of .28 percent

Figure 6-13.-Computing gains and losses.

The first step taken to resolve the difference is an attempt to take care of the shortage or overage at a divisional level. This is done by verifying all mathematical computations on the records and using the checkoff list in the NAVSUP P-487, par. 9102, that indicates the most common discrepancies that occur. If this does not resolve the problem, then the commanding officer must be notified. The commanding officer initiates an informal examination of the loss that includes rechecking the most common errors shown in the NAVSUP P-487 and determining the total dollar value of the difference based on inventory and financial control records closeout. If this informal investigation determines there is no excessive loss, no further action is required. If the excessive difference is not resolved, the following actions are taken:

- Assistance is requested from the TYCOM or local NAVRESSO fleet assistance team.
- Accountability is reestablished and spaces are reopened for business.
- Disciplinary action is taken according to the UCMJ, if required.
- If theft or fraud is discovered, the instructions in the NAVSUP P-487, par. 1206 (2) and (3), are followed.

### **Reporting Differences**

When the informal investigation indicates an excessive difference, a letter is sent to the TYCOM with a copy to the fleet commander, to NAVSUP, to the Navy Accounting and Finance Center, to NAVRESSO, and to the Naval Supply Corps School at Athens. A copy of the NAVSUP Form 235 and the discrepancy list must be enclosed with the letter explaining possible causes and corrective action taken to prevent the difference from happening again.

When directed by NAVRESSO and with the type commander concurrence, special inventory requirements may be implemented. The entire ship's store operation must be inventoried and balanced monthly for a minimum of 4 months to make sure there are no problems. Duplicates of the NAVSUP Forms 235 and 236 must be sent to NAVRESSO and the TYCOM each month during this period.

### **Disproportionate Difference**

A disproportionate difference is an existing excessive difference that cannot be resolved and that exceeds \$2,250 or 3 percent of sales, whichever is greater. The procedures for reviewing

a disproportionate difference are the same as for excessive differences.

If, after the informal investigation is done, the difference is not resolved, a request for assistance is submitted to the local TYCOM or the NAVRESSO fleet assistance team. If they do not resolve the difference or it cannot be done in a reasonable time period, the following steps are taken:

- Set up a formal fact-finding body according to the *JAG Manual*, par. 0909.
- Relieve the responsible custodian if indications show him or her to be responsible.
- Reopen the records; in the event the ship's store officer is relieved, the records are closed and the relieved officer submits returns.
- Reopen spaces for business.

The requirements we discussed earlier under reporting differences apply to disproportionate differences also.

## **ACCOUNTING FOR GAINS OR LOSSES**

A gain or loss by inventory that cannot be resolved must be accounted for in order to bring the ship's store records into agreement. In this section we discuss how to account for gains or losses of ship's store or standard Navy clothing stock.

### **Ship's Store Stock**

All gains or losses of ship's store stock are absorbed in the cost of sales retail on the Journal of Expenditures, NAVSUP Form 978, at the end of the accounting period. This includes standard Navy clothing stock sold with ship's store stock through the same cash register with nondepartmental keys. If the descriptions of items missing from the sales outlet are known, a survey charging the individual ship's store profits is prepared.

### **Standard Navy Clothing Stock**

Gains or losses of standard Navy clothing stock are credited or charged to the Navy Stock Fund. This includes gains or losses found as a result of inventories in the bulk storeroom, or gains or losses in a sales outlet when standard Navy clothing items are sold in a separate store or through a cash register with departmental keys.

The actual gain or loss by inventory is documented on a Requisition and Invoice/Shipping Document, DD Form 1149, for money value only. The DD Form 1149 covering gains or losses by inventory is shown in figure 6-14. If it



REQUISITION AND INVOICE/SHIPPING DOCUMENT										ENTER DATE		ENTER REQUISITION NO.	
ENTER UIC, NAME AND HULL NO. OF SHIP										NAVJAG PUB 487, PAR. 9103		ENTER EXPENDITURE NO.	
LOSS BY INVENTORY										SHIP'S UIC		SHIP'S UIC	
17X4911.2310										000		21001	
0										000250		7C	
FEDERAL STOCK NUMBER, DESCRIPTION, AND LOCATION OF MATERIAL AND/OR SERVICES										MONEY VALUE ONLY		TOTAL LOSS	
LOSS BY INVENTORY, STANDARD NAVY CLOTHING												\$22.63	
TOTAL												\$22.63	

POST TO NAVSUP FORM 978

ENTER ON LINE 814 OF NAVCOMPT FORM 153

(A) LOSS BY INVENTORY

REQUISITION AND INVOICE/SHIPPING DOCUMENT										ENTER DATE		ENTER REQUISITION NO.	
ENTER UIC, NAME AND HULL NO. OF SHIP										NAVJAG PUB 487, PAR. 9103		ENTER EXPENDITURE NO.	
GAIN BY INVENTORY										SHIP'S UIC		SHIP'S UIC	
17X4911.2310										000		21001	
0										000250		7C	
FEDERAL STOCK NUMBER, DESCRIPTION, AND LOCATION OF MATERIAL AND/OR SERVICES										MONEY VALUE ONLY		TOTAL GAIN	
GAIN BY INVENTORY, STANDARD NAVY CLOTHING												\$10.78	
TOTAL												\$10.78	

POST TO NAVSUP FORM 977

ENTER ON LINE 802 OF NAVCOMPT FORM 153

(B) GAIN BY INVENTORY

Figure 6-14.—Gains and losses by inventory.

is a gain by inventory, a requisition number is assigned to the DD Form 1149. A receiver's number must be assigned and posted to the Journal of Receipts, NAVSUP Form 977. It must be posted as a gain by inventory standard Navy clothing and is posted to the Other Sources

column under the heading Clothing on the NAVSUP Form 977. For losses by inventory, assign an expenditure number to the DD Form 1149. Post it to the Journal of Expenditures, NAVSUP Form 978, as a loss by inventory standard Navy clothing.